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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

LANARD TOYS LIMITED.

Plaintiff,

VS.

FIVE BELOW, INC. and RMS INTERNATIONAL (USA) INC.,

Defendants.

CASE NO. 2:18-CV-05845 CAS (MAAx)

**DEFENDANT RMS INTERNATIONAL
(USA) INC.'S ANSWER AND
COUNTERCLAIMS TO PLAINTIFF'S
FIRST AMENDED COMPLAINT**

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11

Defendant RMS International (USA) Inc. (“RMS”) hereby answers the First Amended Complaint of Plaintiff Lanard Toys Limited (“Lanard”) and asserts its Affirmative Defenses and Counterclaims as follows.

For convenience, RMS repeats the headings employed by Plaintiff. In so doing, however, RMS expressly does not admit or concede any allegation in the Complaint.

1. The statements in Paragraph 1 are legal in nature and, as such, require no response from RMS.

Response as to “NATURE OF THE ACTION”

2. Admitted that the First Amended Complaint purports to set forth claims for false designation of origin, trademark infringement, design patent infringement, copyright infringement and unfair competition. With respect to Five Below, Inc. (“Five Below”) and the accused “toy foam gun that shoots soft foam darts,” which is not an RMS product, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 2. In all other respects, the allegations in Paragraph 2 are denied.

Response as to “THE PARTIES”

3. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 3.

4. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 4.

5. Denied that RMS currently has its principal place of business in Florida. RMS currently has its principal place of business in the Commonwealth of Massachusetts. Further denied that RMS Hong Kong “sells” directly into the United States. Orders received by RMS International (USA), Inc. are fulfilled by affiliate RMS Hong Kong, but RMS International (USA), Inc. directly invoices its customers for such orders. In all other respects, the allegations in Paragraph 5 are admitted.

Response as to “JURISDICTION AND VENUE”

6. Admitted that the First Amended Complaint purports to set forth claims under the patent laws of the United States, the federal Lanham Act, the United States Copyright Act, and California law relating to unfair competition. In all other respects, the allegations in Paragraph 6 are denied.

7. The statements in Paragraph 7 are legal in nature and, as such, require no response from RMS.

8. The statements in Paragraph 8 are legal in nature and, as such, require no response from RMS.

9. The statements in Paragraph 9 regarding venue are legal in nature and, as such, require no response from RMS. In all other respects, the allegations in Paragraph 9 are denied.

10. Denied as to the accused CHALK SMASH Product and the actions of RMS. As to the accused AIR FORCE Quick-Fire Air Blaster Product (which is not an RMS product) and the actions of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 10.

Response as to “BACKGROUND FACTS”

Response as to “Lanard And Its Distinctive CHALK BOMB!® Product”

11. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 11.

12. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 12.

13. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 13.

14. Admitted that Exhibits A and B purport to be copies of certificates of United States copyright registration bearing Registration Numbers VA 2-022-296 and VA 1-999-283, respectively, and listing Lanard Toys Limited as copyright claimant.

1 In all other respects, including with respect to the authenticity of Exhibits A and B,
2 RMS is without information sufficient to form a belief as to the truth of the
3 allegations in Paragraph 14.

4 15. Admitted that Exhibit C purports to be a copy of a United States
5 trademark registration for the mark CHALK BOMB! within International Class 028
6 for “[t]oys comprised of chalk powder, namely, tossing toys and drawing toys,”
7 bearing Reg. No. 5,046,808 in the name of Lanard Toys Limited. In all other
8 respects, including with respect to the authenticity of Exhibit C, RMS is without
9 information sufficient to form a belief as to the truth of the allegations in Paragraph
10 15.

11 16. Admitted that Exhibits D and E purport to be copies of United States
12 design patents bearing Patent Nos. D804,596 and D815,220 (the “596 Patent” and
13 “220 Patent,” respectively), and listing Lanard Toys Limited as applicant. In all
14 other respects, including with respect to the authenticity of Exhibits D and E, RMS is
15 without information sufficient to form a belief as to the truth of the allegations in
16 Paragraph 16.

17 17. Denied.

18 18. Denied.

19 **Response as to “Lanard And Its Original ‘Total X-Stream Air Over Under’**
20 **Product”**

21 19. RMS is without information sufficient to form a belief as to the truth of
22 the allegations in Paragraph 19.

23 **Response as to ‘Defendants’ Wrongful Conduct”**

24 **Response as to “Infringement of Lanard’s ‘Chalk Bomb!’”**

25 20. Admitted that RMS has sold a CHALK SMASH Product to a single
26 customer, Five Below, and that Paragraph 20 purports to reflect an image of that
27 product alongside the asserted Lanard product. Denied that the “CHALK BOMB®!”

1 heading over the image of the asserted Lanard product accurately reflects the asserted
 2 trademark registration, since the mark covered by the '808 Registration includes an
 3 exclamation point. Further denied that the CHALK SMASH Product requires any
 4 "authorization" from Lanard or is "infringing." With respect to the purported image
 5 of Lanard's CHALK BOMB! Product and the actions of Five Below, RMS is without
 6 information sufficient to form a belief as to the truth of the allegations in Paragraph
 7 20. To the extent any further response is required, the allegations in Paragraph 20 are
 8 denied.

9 21. Paragraph 21 is nonsensical as worded; it apparently contains a
 10 grammatical error and/or is missing one or more words. RMS therefore responds
 11 based on its understanding of the intended meaning of the paragraph. Admitted that
 12 RMS's CHALK SMASH Product comes in a variety of fabric colors and internal
 13 chalk colors. Denied that the CHALK SMASH Product, its fabric colors and/or its
 14 internal chalk colors are "identical or substantially similar to Lanard's CHALK
 15 BOMB! Product." To the extent any further response is required, the allegations in
 16 Paragraph 21 are denied.

17 22. Denied.

18 23. Admitted that RMS has manufactured and supplied to Five Below a
 19 CHALK SMASH Product that is sold in variety packs containing four differently-
 20 colored fabric bags with colored internal chalk. With respect to the actions of Five
 21 Below, RMS is without information sufficient to form a belief as to the truth of the
 22 allegations in Paragraph. To the extent any further response is required, the
 23 allegations in Paragraph 23 are denied.

24 24. With respect to the actions of Five Below, RMS is without information
 25 sufficient to form a belief as to the truth of the allegations in Paragraph 24. In all
 26 other respects, the allegations in Paragraph 24 are denied.

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1 25. Denied that the CHALK SMASH Product infringes any intellectual
 2 property right of Lanard. In all other respects, RMS is without information sufficient
 3 to form a belief as to the truth of the allegations in Paragraph 25.

4 26. Admitted that Lanard has previously filed (and ultimately dismissed)
 5 suits against RMS in the Western District of Missouri and Central District of
 6 California in connection with “Chalk Attack” and “Chalk Bomb” Products,
 7 respectively. Admitted that the CHALK SMASH Product has a different design than
 8 either of the foregoing products, including based on the absence of a “fuse,” but
 9 denied that the absence of a “fuse” is the only difference between the design of the
 10 CHALK SMASH Product and those other products. Admitted that RMS received a
 11 letter concerning a “Bubble Copter” Product in or around 2014, but denied that such
 12 product infringed any intellectual property right of Lanard. In all other respects, the
 13 allegations in Paragraph 26 are denied.

14 27. Admitted that Paragraph 27 purports to juxtapose images of the accused
 15 CHALK SMASH Product and images from the asserted design patents. In all other
 16 respects, the allegations in Paragraph 27 are denied.

17 28. Denied.

18 29. Denied.

19 30. Denied.

20 31. With respect to the state of mind of Five Below, RMS is without
 21 information sufficient to form a belief as to the truth of the allegations in Paragraph
 22 31. In all other respects, the allegations in Paragraph 31 are denied.

23 32. Denied.

24 **Response as to “Infringement of Lanard’s ‘Total X Stream Air Over Under”**

25 33. RMS is without information sufficient to form a belief as to the truth of
 26 the allegations in Paragraph 33.

34. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 34.

35. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 35.

36. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 36.

37. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 37.

38. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 38.

39. RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 39.

Response as to FIRST CLAIM FOR RELIEF

Alleged False Designation of Origin (15 U.S.C. § 1125(a))

40. RMS repeats and restates its responses to paragraphs 1 through 39 as though set forth fully herein.

41. Denied that United States Trademark Registration No. 5,046,808 (the '808 Registration) is valid. In all other respects, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 41.

42. Denied.

43. Denied.

44. Denied.

45. As to the state of mind of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 45. In all other respects, the allegations in Paragraph 45 are denied.

Response as to SECOND CLAIM FOR RELIEF

Alleged Trademark Infringement (15 U.S.C. § 1114)

46. RMS repeats and restates its responses to paragraphs 1 through 45 as though set forth fully herein.

47. The statements in Paragraph 47 are legal in nature and, as such, require no response from RMS.

48. Denied that the '808 Registration is valid. In all other respects, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 48.

49. Denied.

50. Denied.

51. As to the state of mind of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 51. In all other respects, the allegations in Paragraph 51 are denied.

52. As to the state of mind of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 52. In all other respects, the allegations in Paragraph 52 are denied.

53. Denied.

54. Denied.

55. As to the state of mind of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 55. In all other respects, the allegations in Paragraph 55 are denied.

Response as to THIRD CLAIM FOR RELIEF

Alleged Patent Infringement of D804,596 and D815,220

56. RMS repeats and restates its responses to paragraphs 1 through 55 as though set forth fully herein.

57. Denied.

1 58. Denied.

2 59. As to the state of mind of Five Below, RMS is without information
3 sufficient to form a belief as to the truth of the allegations in Paragraph 59. In all
4 other respects, the allegations in Paragraph 59 are denied.

5 60. Denied.

6 61. Denied as to RMS; based on preliminary investigation, RMS has
7 realized only negligible profits on the CHALK SMASH Product. As to Five Below,
8 RMS is without information sufficient to form a belief as to the truth of the
9 allegations in Paragraph 61.

10 62. Denied.

11 **Response as to FOURTH CLAIM FOR RELIEF**

12 **Alleged Copyright Infringement (17 U.S.C. § 101 et seq.)**

13 63. RMS repeats and restates its responses to paragraphs 1 through 62 as
14 though set forth fully herein.

15 64. Lanard's Fourth Claim for Relief is directed only to Five Below and, as
16 such, Paragraph 64 requires no response from RMS.

17 65. Lanard's Fourth Claim for Relief is directed only to Five Below and, as
18 such, Paragraph 65 requires no response from RMS.

19 66. Lanard's Fourth Claim for Relief is directed only to Five Below and, as
20 such, Paragraph 66 requires no response from RMS.

21 67. Lanard's Fourth Claim for Relief is directed only to Five Below and, as
22 such, Paragraph 67 requires no response from RMS.

23 **Response as to FIFTH CLAIM FOR RELIEF**

24 **Alleged Unfair Competition (Cal. Bus. & Prof. Code § 17200 et seq.)**

25 68. RMS repeats and restates its responses to paragraphs 1 through 67 as
26 though set forth fully herein.

27 69. Denied.

70. As to the state of mind of Five Below, RMS is without information sufficient to form a belief as to the truth of the allegations in Paragraph 70. In all other respects, the allegations in Paragraph 70 are denied.

4 || 71. Denied.

5 72. Denied as to RMS; based on preliminary investigation, RMS has
6 realized only negligible profits on the CHALK SMASH Product. As to Five Below,
7 RMS is without information sufficient to form a belief as to the truth of the
8 allegations in Paragraph 72 as to either the “Accused Gun” (which is not an RMS
9 product) or the CHALK SMASH Product.

10 || 73. Denied.

AFFIRMATIVE DEFENSES

74. RMS asserts the following affirmative defenses, undertaking the burden of proof only insofar as required by law, and regardless of whether any given defense is denominated as an affirmative defense herein.

75. RMS reserves the right to assert any and all additional defenses that discovery may reveal.

First Affirmative Defense

74. Lanard has failed to state a claim upon which relief may be granted.

Second Affirmative Defense

75. Lanard's claims for relief are barred in whole or in part because any alleged infringement is *de minimis*.

Third Affirmative Defense

76. Lanard's claims for relief are barred in whole or in part as a result of Lanard's failure to mitigate its damages, if any.

Fourth Affirmative Defense

77. Lanard's claims for relief are barred in whole or in part by the doctrines of unclean hands, inequitable conduct, trademark misuse and/or patent misuse.

Fifth Affirmative Defense

78. The CHALK BOMB! mark and any asserted trade dress are invalid or unenforceable because they are not distinctive; are generic; are descriptive and have not acquired secondary meaning as to Lanard; and/or are functional.

Sixth Affirmative Defense

79. Lanard's claims for relief are barred in whole or in part because there is no likelihood of consumer confusion between the CHALK BOMB! and CHALK SMASH marks, or between any asserted trade dress associated with the CHALK BOMB! Product and the trade dress of the CHALK SMASH Product.

Seventh Affirmative Defense

80. The asserted design patents are invalid for failure to satisfy one or more of the requirements of patentability set forth in 35 U.S.C. §§ 101 *et seq.*, including without limitation §§ 102, 103, 112 and/or 171.

Eighth Affirmative Defense

81. Lanard lacks standing under California Bus. & Prof. Code § 17200 because it is an unaffected party that has not suffered injury in fact and/or lost money or property as a result of the alleged unfair competition.

Ninth Affirmative Defense

82. Lanard's claims for relief are barred in whole or in part because it has not suffered any irreparable harm as a result of the alleged conduct and/or has an adequate remedy at law.

Tenth Affirmative Defense

83. Lanard's claims for relief are barred in whole or in part because exemplary and/or punitive damages are not permitted by California Bus. & Prof. Code § 17200 *et seq.* and/or 15 U.S.C § 1117.

Eleventh Affirmative Defense

84. Lanard's claims for relief are barred in whole or in part because Lanard cannot prove that this is an exceptional case under 15 U.S.C. § 1117 and/or 35 U.S.C. § 285.

Twelfth Affirmative Defense

85. Lanard's claims for relief are barred in whole or in part by 35 U.S.C. §§ 287 and/or 288.

COUNTERCLAIMS

Pursuant to Rule 13 of the Federal Rules of Civil Procedure, Defendant and Counterclaim-Plaintiff RMS asserts the following counterclaims against Plaintiff and Counterclaim-Defendant Lanard:

PARTIES

86. RMS is a Florida corporation with its principal place of business at 4 Gill St., Suite AA, Woburn, MA 01801.

87. Upon information and belief, Lanard is a Hong Kong company with its principle place of business at Elite Centre, 28th Floor, 22 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

JURISDICTION AND VENUE

88. These Counterclaims arise under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202; the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*; and the United States Patent Laws, 35 U.S.C. §§ 101 *et seq.*

89. This Court has subject matter jurisdiction over these Counterclaims pursuant to 28 U.S.C. §§ 1331, 1332, 1338(a), 1338(b), 1367 and 2201.

90. This Court has personal jurisdiction over Lanard by virtue of Lanard having filed the First Amended Complaint in the Court.

91. Venue for these Counterclaims is proper in this Court pursuant to 28
U.S.C. §§ 1391 and 1400.

BACKGROUND

The Dissimilar Marks And Packaging At Issue

92. Upon information and belief, Lanard manufactures and sells a toy under the CHALK BOMB! mark.

93. RMS manufactures and has sold a toy under the CHALK SMASH mark to a single customer, namely, Five Below.

94. Images of the relevant products in their packaging appear below:



95. The CHALK BOMB! mark and CHALK SMASH mark are, on the whole, visually dissimilar from each other, both as word marks and as used in commerce.

96. This overall dissimilarity is the result of numerous differences that would be immediately obvious to any consumer. For instance, and without limitation, the CHALK BOMB! mark includes an exclamation point while the CHALK SMASH mark does not; the two marks employ different words; the marks employ very different fonts as used in commerce; and the CHALK BOMB! mark as used in commerce uses both capital and lowercase letters while the CHALK SMASH mark is in all capitals.

97. Likewise, the packaging and trade dress associated with the CHALK BOMB! Product and CHALK SMASH Product are visually dissimilar, and reflect numerous obvious differences.

98. For instance, and without limitation, on information and belief the CHALK BOMB! Product is sold individually and in packs of three and ten, whereas the CHALK SMASH Product is sold in packs of four; each CHALK BOMB! Product has a word mark printed on the product itself, while no work mark is visible on the individual CHALK SMASH Products as packaged; and the CHALK BOMB! Product packaging features a neon-colored fuse, whereas no fuse is visible on the CHALK SMASH Product as packaged; and the CHALK BOMB! Product and CHALK SMASH Product are made of visibly different materials.

99. Upon information and belief, Lanard disclaimed trademark rights over the word “chalk” in order to obtain the ’808 Registration.

100. Lanard's CHALK BOMB! Product and RMS's CHALK SMASH Product are sold to different customers in different channels of commerce.

The Relevant Design Patents & Invalidating Prior Art

101. Below are images of the designs claimed by the '596 and '220 Patents:

'596 Patent

'220 Patent



102. The '596 Patent and the '220 Patent each claim a priority date of February 11, 2016.

1 103. Those designs are anticipated by numerous pieces of prior art. For
 2 instance, and without limitation, briefly searching the internet reveals the following
 3 pieces of invalidating prior art.

4 104. Upon information and belief, a VAT19 brand Chalk Bomb product
 5 (pictured below) has been available since at least 2011 and invalidates both the '596
 6 and '220 Patents, as well as the '808 Registration:

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8 **Video: Chalk Bombs - Vat19.com**

9 <https://www.vat19.com/videos/index/productID/chalk-bombs>

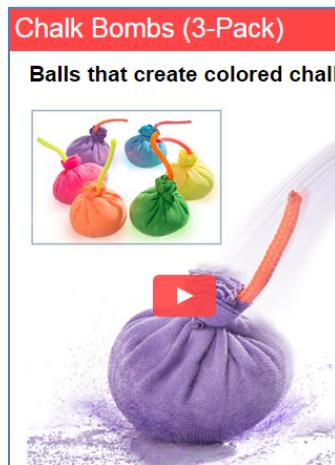


10 Sep 18, 2011 - Uploaded by Vat19

11 Check out our video for **Chalk Bombs**. ... **Chalk Bombs**. Balls that create
 colored chalk puffs with every throw ...

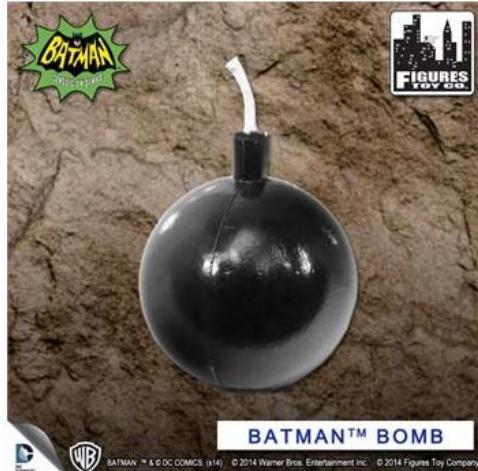
12 Source:

13 https://www.google.com/search?source=hp&ei=d860W7iwK5Gk_QbL46eoBQ&q=vat+19+chalk+bombs&btnK=Google+Search&oq=vat+19+chalk+bombs&gs_l=psy-ab.3..0i13.1157.4598..4728...1.0.0.334.1674.18j1j0j1....2.0....1..gws-wiz....0..0j35i39j0i131j0i10j0i22i30j0i22i10i30j35i304i39j0i13i30j0i8i13i30j33i21.fX5DZwbqFCY (accessed 10/03/2018).



26 Source: <https://www.vat19.com/item/chalk-bombs-toy> (accessed 10/03/2018).

1 105. Upon information and belief, a BATMAN™ BOMB toy (pictured
2 below) has been available since at least 2014 and invalidates both the '596 and '220
3 Patents:



12 Source:

13 <http://figurestoycompany.com/batmanclassictvseriesdarkbluebatarangaccessory-1-1-1-1-1-1-1-1.aspx> (accessed 9/20/2018).

14 106. Upon information and belief, a Color Powder Toy (pictured below) has
15 been available since at least 2015 and invalidates at least the '220 Patent:



1 Source:

2 https://www.amazon.com/dp/B00T6NCAKU/ref=sspa_dk_detail_0?psc=1&pd_rd_i=B00T6NCAKU (accessed 9/21/18).

5 107. Upon information and belief, a climbing chalk ball (pictured below) has
6 been available since at least 2015 and invalidates at least the '220 Patent:



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14 Source: https://www.amazon.co.uk/Stubai-Chalk-Ball-x5-Set-Offer/dp/B00LNEC1JA/ref=sr_1_1?ie=UTF8&qid=1538495882&sr=8-1&keywords=stubai+chalk+ball (accessed 10/03/2018).

15 108. Upon information and belief, an athletic chalk ball (pictured below both
16 with and without a fuse-like string at the top) has been available since at least 2014
17 and invalidates both the '596 and '220 Patents:



1 Source: https://www.amazon.com/Z-Athletic-Chalk-Ball-for-Gymnastics/dp/B07DNYKT2P/ref=pd_sbs_468_4?encoding=UTF8&pd_rd_i=B07DNYKT2P&pd_rd_r=f7240f84-bd02-11e8-bbb7-a1e6f2a82859&pd_rd_w=TRlaV&pd_rd_wg=Fnj2C&pf_rd_i=desktop-dp-sims&pf_rd_m=ATVPDKIKX0DER&pf_rd_p=0bb14103-7f67-4c21-9b0b-31f42dc047e7&pf_rd_r=G63808TMTBZYF4779D8E&pf_rd_s=desktop-dp-sims&pf_rd_t=40701&refRID=G63808TMTBZYF4779D8E%20-%20customerReviews (accessed 9/20/18).

10 109. Upon information and belief, bomb-shaped Super Mario candies
11 (pictured below) have been available since at least 2011 and invalidate both the '596
12 and '220 Patents:



20 Source: <https://www.pinterest.com/pin/457748749597936712/> (accessed 9/20/18).



1 Source: <https://www.youtube.com/watch?v=xaaK0-Ypl2Y> (accessed 9/20/18).

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3 110. Upon information and belief, a bomb-shaped dog toy (pictured below)
4 has been available since at least 2011 and invalidates both the '596 and '220 Patents:



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13 Source: [https://www.amazon.com/Tuffy-Rugged-Rubber-Bomb-Medium/dp/B002O4PXX4/ref=pd_cp_199_1?encoding=UTF8&pd_rd_i=B002O4PXX4&pd_rd_r=57606afd-bd06-11e8-91c0-8d9d1b6891e3&pd_rd_w=NfQTm&pd_rd_wg=FT9AJ&pf_rd_i=desktop-dp-sims&pf_rd_m=ATVPDKIKX0DER&pf_rd_p=3f5155f5-5438-4fc3-ab83-bf013cfc8883&pf_rd_r=R91253Q6M09XSCXDSRZB](https://www.amazon.com/Tuffy-Rugged-Rubber-Bomb-Medium/dp/B002O4PXX4/ref=pd_cp_199_1?encoding=UTF8&pd_rd_i=B002O4PXX4&pd_rd_r=57606afd-bd06-11e8-91c0-8d9d1b6891e3&pd_rd_w=NfQTm&pd_rd_wg=FT9AJ&pf_rd_i=desktop-dp-sims&pf_rd_m=ATVPDKIKX0DER&pf_rd_p=3f5155f5-5438-4fc3-ab83-bf013cfc8883&pf_rd_r=R91253Q6M09XSCXDSRZB&pf_rd_s=desktop-dp-sims&pf_rd_t=40701&psc=1&refRID=R91253Q6M09XSCXDSRZB) (accessed
14 9/20/18).

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20 111. Upon information and belief, a toy bomb used in a Pass the Bomb game
21 (pictured below) has been available since at least 2015 and invalidates both the '596
22 and '220 Patents:



Source: https://www.amazon.com/Gibsons-Easiplay-Pass-Bomb-Game/dp/B00009R62N/ref=pd_cp_21_1?encoding=UTF8&pd_rd_i=B00009R62N&pd_rd_r=5c5af99e-bdbb-11e8-9f86-cff56757bc74&pd_rd_w=Q6uAh&pd_rd_wg=qemNd&pf_rd_i=desktop-dp-sims&pf_rd_m=ATVPDKIKX0DER&pf_rd_p=3f5155f5-5438-4fc3-ab83-bf013cfc8883&pf_rd_r=R9VXWY2N16X5KXN2N7HE&pf_rd_s=desktop-dp-sims&pf_rd_t=40701&psc=1&refRID=R9VXWY2N16X5KXN2N7HE (accessed 9/21/18).

COUNTERCLAIM ONE

(Declaratory Judgment – Non-infringement of the Registered Trademark)

112. RMS repeats the allegations of Paragraphs 86 through 111 as if fully set forth herein.

113. Lanard claims to own the '808 Registration covering the CHALK BOMB! mark.

114. Lanard has filed the First Amended Complaint alleging that RMS's use of a CHALK SMASH mark has infringed and continues to infringe the '808 Registration. As such, a justiciable controversy exists between the parties as to infringement of the '808 Registration.

115. RMS does not and has never infringed the '808 Registration because there is no likelihood of confusion between Lanard's CHALK BOMB! mark and RMS's CHALK SMASH mark.

116. As a result of Lanard's wrongful allegations of infringement, RMS has suffered and will continue to suffer damages, including but not limited to lost sales, unwarranted costs and fees, and harm to RMS's reputation and goodwill.

COUNTERCLAIM TWO

(Declaratory Judgment – Invalidity and Unenforceability of the Registered Trademark)

117. RMS repeats the allegations of Paragraphs 86 through 116 as if fully set forth herein.

118. The '808 Registration is invalid and/or unenforceable due to a failure to satisfy the requirements for protection under the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*

119. The CHALK BOMB! mark is not distinctive, either inherently or because it has not acquired secondary meaning.

120. Consumers do not associate the CHALK BOMB! mark with Lanard, and the mark does not identify or distinguish Lanard's product from the goods of others in the minds of consumers.

121. The '808 Registration is unenforceable under the doctrine of trademark misuse, and also due to Lanard's inequitable conduct and unclean hands with respect to its claims of infringement.

COUNTERCLAIM THREE

(Declaratory Judgment – Non-infringement of Any Allegedly Infringed Trade Dress)

122. RMS repeats the allegations of Paragraphs 86 through 121 as if fully set forth herein.

123. To the extent Lanard purports to assert in the First Amended Complaint that it owns protectable trade dress associated with its CHALK BOMB! Product and that RMS's CHALK SMASH mark has infringed and continues to infringe such trade dress, a justiciable controversy exists between the parties as to infringement of such trade dress.

124. RMS does not and has never infringed any trade dress associated with Lanard's CHALK BOMB! Product because there is no likelihood of confusion between any such trade dress and that associated with the CHALK SMASH Product.

125. As a result of Lanard's wrongful allegations of infringement, RMS has suffered and will continue to suffer damages, including but not limited to lost sales, unwarranted costs and fees, and harm to RMS's reputation and goodwill.

COUNTERCLAIM FOUR

**(Declaratory Judgment – Invalidity and Unenforceability of Any Allegedly
Infringed Trade Dress)**

126. RMS repeats the allegations of Paragraphs 86 through 125 as if fully set forth herein.

127. Any allegedly infringed trade dress associated with the CHALK BOMB! Product is ineligible for protection due to a failure to satisfy the requirements set forth under the Lanham Act, 15 U.S.C. §§ 1051 *et seq.*

128. Any allegedly infringed trade dress associated with Lanard's CHALK BOMB! Product is not distinctive, either inherently or because it has not acquired secondary meaning.

129. Any allegedly infringed trade dress associated with Lanard's CHALK BOMB! Product is not associated with Lanard in the minds of consumers; does not identify or distinguish Lanard's product from the goods of others in the minds of consumers; and/or is primarily functional in nature.

130. Any allegedly infringed trade dress associated with Lanard's CHALK BOMB! Product is unenforceable due to Lanard's inequitable conduct and unclean hands with respect to its claims of infringement.

COUNTERCLAIM FIVE

(Declaratory Judgment – Non-infringement of the '596 and '220 Patents)

131. RMS repeats the allegations of Paragraphs 86 through 130 as if fully set forth herein.

132. Lanard has filed the First Amended Complaint alleging that RMS's CHALK SMASH Product has infringed and continues to infringe the '596 and '220 Patents. As such, a justiciable controversy exists between the parties as to infringement of each asserted patent.

133. RMS does not and has never infringed the '596 Patent because RMS's CHALK SMASH Product has a different overall visual appearance than the patented design.

134. RMS does not and has never infringed the '220 Patent because RMS's CHALK SMASH Product has a different overall visual appearance than the patented design.

135. As a result of Lanard's wrongful allegations of infringement, RMS has suffered and will continue to suffer damages, including but not limited to lost sales, unwarranted costs and fees, and harm to RMS's reputation and goodwill.

COUNTERCLAIM SIX

(Declaratory Judgment – Invalidity and Unenforceability of the '596 and '220 Patents)

136. RMS repeats the allegations of Paragraphs 86 through 135 as if fully set forth herein.

137. The '596 and '220 Patents are invalid due to a failure to satisfy one or more of the requirements of patentability set forth in 35 U.S.C. §§ 101 *et seq.*, including without limitation §§ 102, 103, 112 and 171.

138. The '596 and '220 Patents are unenforceable due to Lanard's inequitable conduct and unclean hands with respect to its claims of infringement, and based on the doctrine of patent misuse.

PRAYER FOR RELIEF

WHEREFORE, Defendant and Counterclaim-Plaintiff RMS respectfully prays that this Court enter one or more orders holding as follows:

A. That the First Amended Complaint be dismissed with prejudice as to RMS (and as to Five Below to the extent the claims against it relate to RMS's CHALK SMASH Product), and that Lanard take nothing by way of its First Amended Complaint;

B. That RMS and Five Below have not infringed and do not infringe the '808 Registration;

C. That the '808 Registration is invalid and/or unenforceable;

D. That RMS and Five Below have not infringed and do not infringe any trade dress of Lanard associated with the CHALK BOMB! Product;

E. That Lanard has asserted trade dress protection in this action and does not possess any valid or protectable trade dress associated with the CHALK BOMB! Product;

F. That RMS and Five Below have not infringed and do not infringe the '596 Patent;

G. That the '596 Patent is invalid and/or unenforceable;

H. That RMS and Five Below have not infringed and do not infringe the '220 Patent:

I. That the '220 Patent is invalid and/or unenforceable;

1 J. That RMS (and Five Below to the extent the claims against it relate to
2 RMS's CHALK SMASH Product) did not engage in any act of unfair competition;

3 K. Permanently enjoining Lanard, its employees and agents, and any other
4 person acting in concert with it, from asserting or threatening to assert any alleged
5 rights arising under the '808 Registration against RMS or any of RMS's customers or
6 potential customers (including, without limitation, Five Below);

7 L. Permanently enjoining Lanard, its employees and agents, and any other
8 person acting in concert with it, from asserting or threatening to assert any alleged
9 rights arising under the '596 Patent against RMS or any of RMS's customers or
10 potential customers (including, without limitation, Five Below);

11 M. Permanently enjoining Lanard, its employees and agents, and any other
12 person acting in concert with it, from asserting or threatening to assert any alleged
13 rights arising under the '202 Patent against RMS or any of RMS's customers or
14 potential customers (including, without limitation, Five Below);

15 N. Entering judgment against Lanard and in favor of RMS on Counterclaim
16 One, in an amount to be determined;

17 O. Entering judgment against Lanard and in favor of RMS on Counterclaim
18 Two, in an amount to be determined;

19 P. Entering judgment against Lanard and in favor of RMS on Counterclaim
20 Three, in an amount to be determined;

21 Q. Entering judgment against Lanard and in favor of RMS on Counterclaim
22 Four, in an amount to be determined;

23 R. Entering judgment against Lanard and in favor of RMS on Counterclaim
24 Five, in an amount to be determined;

25 S. Entering judgment against Lanard and in favor of RMS on Counterclaim
26 Six, in an amount to be determined;

T. That this case is exceptional pursuant to 35 U.S.C. § 285 and 15 U.S.C. § 1117(a) as against Lanard;

U. Awarding RMS its costs and reasonable attorneys' fees arising from this action;

5 V. Assessing punitive damages against Lanard as appropriate under any
5 applicable law;

W. Granting any other and further relief as this Court deems just and proper.

JURY DEMAND

Defendant RMS hereby demands a trial by a jury on all issues so triable.

Respectfully submitted,

Dated: October 3, 2018

HOLLAND & KNIGHT LLP

By: /s/ Stacey H. Wang
Stacey H. Wang

Attorneys for Defendant RMS International (USA) Inc.

PROOF OF SERVICE

I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action. My business address is 400 South Hope Street, 8th Floor, Los Angeles, California 90071.

On October 3, 2018, I served the document described as **DEFENDANT RMS INTERNATIONAL (USA) INC.'S ANSWER AND COUNTERCLAIMS TO PLAINTIFF'S FIRST AMENDED COMPLAINT** on the interested parties in this action:

By Electronic Transfer to the CM/ECF System

In accordance with Federal Rules of Civil Procedure 5(d) (3), Local Rule 5-3.2, and General Order 07-08, I uploaded via electronic transfer a true and correct copy scanned into an electronic file in Adobe "pdf" format of the above-listed documents to the United States District Court Central District of California Case Management and Electronic Case Filing (CM/ECF) system on this date. It is my understanding that by transmitting these documents to the CM/ECF system, they will be served on all parties of record according to the preferences chosen by those parties within the CM/ECF system. The transmission was reported as complete and without error.

I declare under penalty of perjury under the laws of the United States of America that the above is true and correct.

Executed on **October 3, 2018**, at Los Angeles, California.

/s/ Elena Zyalyukova
Elena Zyalyukova